

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b)(7) former employee of the Detroit Human Rights Department

Activity Date:

August 10, 2011

Reporting Official and Date:

(b)(6), (b)(6), (b)(7) RAC

18-AUG-2011, Signed by: (b)(6), (b)(6), RAC

Approving Official and Date:

(b)(6), (b)(7)(C), SAC

19-AUG-2011, Approved by: (b)(6), (b)(7), ASAC

SYNOPSIS

U.S. EPA CID Special Agent (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7) former employee of the Detroit Human Rights Department (HRD) regarding the revocation of a Detroit Headquartered Business (DHB) certification for DLZ.

DETAILS

On August 10, 2011, U.S. EPA CID Special Agent (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7) former employee of the Detroit Human Rights Department (HRD) regarding the revocation of a Detroit Headquartered Business (DHB) certification for DLZ. After being informed of the identity of the interviewing agent (b)(6), provided the following information:

(b)(6), knew that DLZ was originally headquartered in Columbus, Ohio but had restructured so that they had an office in Detroit. The department was directed by the Detroit Law Department staff to give DLZ the DHB certification due to this restructuring. (b)(6), described this as an instance of a loophole in the regulations that a number of companies used in order to obtain the DHB certification. In 2008 (b)(6), developed a list of these companies after discussing the issue with (b)(6), (b)(7)(C) who was the Director of the Human Rights Department.

SA (b)(6), (b)(7) asked (b)(6), to review a letter dated May 18, 2006 addressed to DLZ from (b)(6), (See Attachment). (b)(6), explained that (b) wrote the letter at the request of (b)(6),. The two had a conversation about the letter and its ramifications for the department. (b)(6), pointed out to (b)(6), that if they rescind DLZ's certification that they have to rescind all the others who have used the loophole. (b)(6), told (b)(6), that "the Mayor said to do it, so do it." (b)(6), confirmed that the letter was written and issued as a result from the direction give by Mayor (b)(6), (b)(7)(C) to (b)(6),. (b)(6), was not aware of the circumstances surrounding (b)(6), discussion with Mayor (b)(6), (b) and did not know that (b)(6), had been called to the Mayor's mansion to discuss the revocation of DLZ's certification.

(b)(6), clarified that the list of companies which had used the "loophole" in order to obtain DHB certification was compiled in 2006, after (b)(6), requested (b) to write the May 2006 letter. (b)(6), and (b)(6), discussed how the HRD was put in a bad situation after having rescinded DLZ's certification but no others and thus the list was created.

SA (b)(6), (b)(7) pointed out that (b)(6), (b)(7)(C) the Director of the Detroit Water & Sewerage Department (DWSD) was carbon copied on the May 18, 2006 letter. (b)(6), thought that this was unusual. (b)(6), recalled that (b)(6), (b)(7)(C) called the HRD and asked about DLZ's certification

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status. This occurred while the Detroit Water and Sewerage Department (DWSD) was reviewing bids for a contract. (b)(6), thought that someone from the DWSD sent a memo to the HRD with a list of companies to verify their certifications with the city. (b)(6), also recalled receiving emails from (b)(6), (b)(7) of the DWSD regarding DLZ's certification status. (b)(6), commented to (b)(6), that if DLZ has their DHB certification then they would win the contract the DWSD was evaluating. (b)(6), commented that usually the DWSD does not inquire into a company's certification unless another bidder files a protest over the awarding of a particular contract. (b)(6), remarked this is the only reason (b) knows of for the DWSD to inquire as to a company's status.

The Law Department had advised the HRD on other instances that they had to leave a company's certifications in place until they expired. (b)(6), raised this point with (b)(6), during their discussion regarding the Mayor's direction to rescind DLZ's certification. (b)(6), remarked to (b)(6), "the Mayor wants it done."

SA (b)(6), (b)(7) asked (b)(6), if (b) recalled a request to expedite a certification for A&H Contractors. (b)(6), replied that it rings a bell but that this type of request was not unusual. (b)(6), does not recall anything specific about the A&H certifications.

(b)(6), always had a question of who the owners of Xcel Construction were. (b)(6), commented that the Xcel file was one of those files you didn't want to deny because it would have come back. (b)(6), based this opinion on the rumors (b) heard that (b)(6), (b)(7)(C) owned Xcel and that (b)(6), (b) had a close relationship with Mayor (b)(6), (b).

(b)(6), worked for the HRD from 1998 to 2010 and is currently employed by Can Do, which is a contractor to the State of Michigan in the Michigan Works program. (b)(6), email is (b)(6), (b) @aol.com and (b) cell phone is (b)(6), (b)(7) .

ATTACHMENT

HRD DLZ letter

(b)(6), Personal History Form